

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION

RESOLUTION NO. W-4530

April 21, 2005

R E S O L U T I O N

**(RES. W-4530), ERSKINE CREEK WATER COMPANY, INC. (ECWC).
ORDER AUTHORIZING A ONE-TIME SURCHARGE TO RECOVER
AN INCREASE IN WATER TESTING COSTS PRODUCING AN
INCREASE IN ANNUAL REVENUES OF \$5,691.36 OR 1.72%.**

SUMMARY

This resolution grants ECWC an offset rate increase in gross annual revenues of \$5,691.36 or 1.72%, which will be recovered through a one-time surcharge of \$5.01 per customer. This is in order to recover the balance in ECWC's Water Quality Memorandum Account (WQMA). This rate increase will not result in a rate of return greater than the last authorized for ECWC.

BACKGROUND

ECWC, by Advice Letter (AL) No. 64, filed on February 23, 2005, requests authority under Section VI of General Order (G.O.) 96-A and Section 454 of the Public Utilities Code to add a one-time surcharge to its tariff Schedule No. 1, Annual General Metered Service, resulting in an increase in annual revenues of \$5,697.04 or 1.72%. This increase is to recover ECWC's WQMA balance. The WQMA account tracks water testing costs above and beyond the amount allowed in the last general rate case.

ECWC presently serves 1,136-metered customers in residential areas located in the unincorporated area known as Erskine Creek, located approximately 45 miles east of Bakersfield, Kern County.

ECWC's Schedule No. 1 rates became effective on July 30, 2003, pursuant to Decision No. 92-03-093 which authorized an increase over the prior year's adopted revenue, based on the most recent year-end increase in the Consumer Price Index (CPI). This resulted in ECWC increasing its monthly quantity and service charges by \$7,784.00 or 2.4%, CPI-U for 2002.

ECWC's last general increase was authorized on August 5, 1999, pursuant to Res. No. W-4164, which authorized a rate increase of \$33,854.00 or 11.62%, and a rate of return of 12.50% for Test Year 1999.

DISCUSSION

Res. W-4013, dated December 20, 1996, which expired January 1, 2002, and Res. W-4327, dated March 6, 2002, authorized all Class B, C, and D water utilities to establish WQMA's for recording expenses resulting from drinking water regulations, including water sampling, testing, reporting, and treatment costs, not presently included in rates. Class B, C, and D water utilities were also authorized to request recovery of these account balances by advice letter filings in accordance with GO No. 96-A. WQMA recovery requires a resolution.

The surcharge requested herein would allow ECWC to recover the WQMA balance, which totals \$5,697.54 from July 1, 2002 through June 30, 2004. The Water Division recommends that ECWC be authorized to assess a one-time surcharge of \$5.01 per customer to recover the \$5,691.36 balance, which will be booked in the WQMA balancing account.

Service is satisfactory. There are no Commission orders requiring system improvements and there are no service problems requiring corrective action. ECWC has been filing annual reports regularly and currently complies with all Commission orders and regulations.

NOTICE AND PROTESTS

ECWC has given public notice of the proposed rate increase by publishing a notice in a local newspaper of general circulation on March 2, 2005. There were no letters of opposition to the requested increases.

FINDINGS

1. Res. W-4327 authorized ECWC to establish a Water Quality Memorandum Account.
2. ECWC properly established its account and booked \$5,691.36 to it.
3. Staff reviewed the account and determined that recovery by a \$5.01 per customer surcharge for one month is reasonable.
4. The resultant rate increase authorized in this resolution will not result in a rate of return greater than the last authorized for ECWC.

5. The Commission finds, after investigation by the Water Division, that the changes hereby authorized are justified and the resulting rates are just and reasonable.
6. This is an uncontested matter subject to the public notice comment exclusion provided in the Public Utilities Code Section 311(g)(3).

THEREFORE IT IS ORDERED THAT:

1. Erskine Creek Water Company's Advice Letter No. 64 is hereby approved.
2. Erskine Creek Water Company Inc. is authorized, five days after the effective date herein, to make effective the revised Schedule No. 1, Annual General Metered Service, attached to Advice Letter No. 64, and to cancel the corresponding presently effective rate schedules.
3. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on April 21, 2005; the following Commissioners voting favorably thereon:

STEVE LARSON
Executive Director

MICHAEL R. PEEVEY
President
GEOFFREY F. BROWN
SUSAN P. KENNEDY
DIAN M. GRUENEICH
Commissioners